

A. P. GIANNINI

• FOUNDER • 1870 • 1949



BANK OF AMERICA / ANNUAL REPORT / 1962

"Our bank has become one of the world's great financial institutions because we are never satisfied with things as they are. We are proud of our past achievements only because they give promise of greater accomplishments in the future." A. P. Giannini

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HIGHLIGHTS OF THE YEAR'S OPERATIONS

Compared with Previous Year

	1962	1961
Operating Earnings	\$ 601,303,135	\$ 552,231,052
Operating Expenses (including applicable taxes and assessments)	\$ 518,176,419	\$ 464,448,248
Net Operating Earnings	\$ 83,126,716	\$ 87,782,804
Per Share	\$ 2.92	\$ 3.08*
Taxes and Assessments applicable to Operations	\$ 87,808,358	\$ 94,584,530
Per Share	\$ 3.08	\$ 3.32
Dividends Paid	\$ 56,960,000	\$ 51,200,000
At Year End:		
Loans	\$ 7,587,992,697	\$ 6,827,609,080
Deposits	\$12,095,965,067	\$11,475,436,134
Total Resources	\$13,417,140,809	\$12,735,764,740
Capital Funds and Reserve for Possible Loan Losses	\$ 946,789,884	\$ 920,473,920
Shares Outstanding	28,480,000	28,480,000
Domestic and Overseas Branches	833	751

*Computed on the basis of the monthly average number of shares outstanding, 1961 per share earnings were \$3.25.

MEMORANDUM TO OUR STOCKHOLDERS

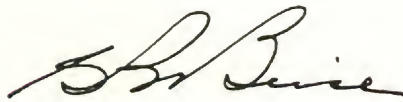
In the year 1962 your bank again recorded major increases in resources, deposits, and loans, while earnings remained at a high level. The major challenge facing your bank during the past year was the increase in the savings interest rates. On the whole we have met this challenge well. By year end we had absorbed the added savings interest cost, had profitably employed the year's major deposit growth and, as the year progressed, we were earning at an increasing rate — all of these factors setting the stage for an earnings rise in 1963.

Summarized in round figures, these were the highlights for 1962:

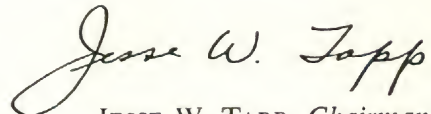
- Resources passed the thirteen billion dollar mark, continuing the upward trend of the past several years.
- Deposits reached a new high of over twelve billion dollars.
- Loans outstanding reached the record figure of over seven and a half billion dollars.

Our continued strong performance has been due in large part to the wisdom and advice of your Board of Directors. Their devotion and their counsel to the active officers of our bank have been important factors in our success.

Our Board, our staff, our services and our facilities provide the ideal combination for a continued record of achievement in 1963 and future years.



S. CLARK BEISE, *President*



JESSE W. TAPP, *Chairman*





California's population passed the 17 million mark to become the most populous state in the Union and an increasingly vital factor in the economic life of the nation and the world. In every city, town and hamlet of this vast and affluent market, business and consumer banking needs are served by Bank of America branches.



REPORT TO OUR STOCKHOLDERS 1962

1962 in Review

All major sectors of the United States economy expanded in 1962 from levels of the previous year. Business investment, government spending, and outlays for new housing were up between 9% and 12%.

There was, however, a sluggishness underlying many of the increases. Unemployment declined modestly over the course of the year, but nevertheless remained close to 6% of the labor force. Most industries experienced problems of excess capacity. The steel industry in particular had a disappointing year despite the near-record performance of its top customer, the automobile industry.

A notably bright spot was corporate profits which climbed to about \$50 billion for the year, some 8% above the record set in 1959. This improved profit performance was especially encouraging because it came at a time when operating rates in many industries were subnormal.

Consumer spending, however, which accounts for two-thirds of total Gross National Product, increased by less than 6% in 1962. Thus it appears that the consumer was a major factor in the disappointing aspects of the economy. The stock market break in May and June probably contributed to consumer uncertainty about the course of the economy and may have inhibited spending on some consumer durables and luxury items. Of more importance, however, was the continuing impact of the nation's tax structure on consumer incomes.

Between the first quarter of 1961 and the first quarter of 1962, consumer income increased by almost \$27 billion, but fully 20% of this was drained off in tax payments to Federal, state, and local governments. This braked the expansion of consumer spending early in the recovery from the 1960-61 recession and last spring contributed to a feeling of uneasiness about the economy.

As 1962 progressed, there was increased awareness of the sharply restraining role of the nation's tax structure and a growing conviction that a return to full employment will require a substantial cut in both business and personal income taxes. There was widespread feeling, however, that tax reduction must be related to stricter controls of Federal government spending.

Monetary policy in 1962 continued the generally easy tone established in 1961. Interest rates on Treasury Bills rose far less than in comparable cyclical periods, and rates on intermediate- and long-term Treasury obligations were lower at the end of 1962 than a year earlier. Intense competition among financial institutions led to a slight drop in rates on residential mortgages in 1962, despite a 6% increase in new housing starts.

In California, population passed 17 million and the state became the most populous in the Union. Employment, income, and retail sales each showed percentage

increases substantially greater than the comparable gains registered in the rest of the nation. In the second half, California's rate of unemployment was once again below the national rate.

Underlying California's relatively good performance in 1962 were two factors: the natural vitality of the state's economy and the sharp increase in spending on national defense and space programs. Although California's share of the defense-space market has been challenged in the past year by severe competition from other areas, the state remains pre-eminent in this vast and growing field. Total defense-space dollars spent in California reached a new high in 1962, and all signs point to continued expansion in this vital area of the state's economy.

Construction activity in the state advanced in 1962, mostly on the basis of strong residential building which offset the decline in public works and utilities construction.

California also enjoyed another good agricultural year. Farm cash receipts rose to about \$3,250,000,000, slightly higher than the 1961 figure. Both crop and livestock receipts participated in the increase.

Projections of continued expansion in numbers of jobs, workers, and homeowners in California, coupled with the state's important space-age involvement, give every indication that the California economy will continue to display growth and vigor throughout 1963.

Earnings

Because of the increased interest rates paid on savings deposits, commercial banks with large and stable savings totals experienced a profit squeeze during 1962. Our bank's earnings, while continuing at a relatively high level, reflected this general industry trend.

In order to efficiently use the deposit gains attracted by increased savings rates, some changes were made in the loan portfolio mix. Additional emphasis was placed on real estate lending and consumer credit. We are gratified that these moves have proved fruitful. Although earnings for 1962 are below those of the previous year, by year end we had absorbed the added savings interest cost, had profitably employed the year's major deposit growth and, as the year progressed, we were earning at an increasing rate—all of these factors setting the stage for an earnings rise in 1963.

Total operating income in 1962 was \$601,303,135, compared with \$552,231,052 a year ago.

The major portion of this income was derived from interest of \$418,793,392 on loans. Interest and dividends on securities, after amortization of premiums, aggregated \$87,317,469. Commissions, fees, and other income totaled \$95,192,274.

Total operating expenses were \$518,176,419. This included interest payments of \$206,521,928, an increase of

COMPARATIVE SUMMARY OF EARNINGS

Operating Earnings:	1962	1961
Interest on loans	\$418,793,392	\$391,699,956
Interest and dividends on securities, after amortization of premiums . . .	87,317,469	77,461,210
Commissions, fees, and other income . .	<u>95,192,274</u>	<u>83,069,886</u>
	\$601,303,135	\$552,231,052
 Operating Expenses:		
Interest paid	\$206,521,928	\$155,904,025
Salaries (including employees' bonus and participation in profit-sharing plan amounting to \$4,887,418 in 1962 and \$6,279,386 in 1961)	137,934,990	135,033,376
Provision for taxes and assessments applicable to operations	87,808,358	94,584,530
Other operating expenses	<u>85,911,143</u>	<u>78,926,317</u>
	518,176,419	464,448,248
Net Operating Earnings	\$ 83,126,716	\$ 87,782,804
 Profit (or loss) on securities transactions, after Federal tax	1,647,364	1,541,197
	<u>\$ 84,774,080</u>	<u>\$ 89,324,001</u>
 Transfers to reserves, after Federal tax reduction resulting therefrom . . .	9,219,000	9,219,000
	<u>\$ 75,555,080</u>	<u>\$ 80,105,001</u>
 Dividends Paid	56,960,000	51,200,000
 Addition to Capital Funds	<u>\$ 18,595,080</u>	<u>\$ 28,905,001</u>

\$50,617,903 over 1961. This substantial rise in expense was caused both by the higher interest rates paid by banks in general and the continuing rise of savings and other time deposits throughout the year. Although this has depressed our earnings for 1962, the resulting increase in our deposit totals provides a broader base of loanable funds for the production of higher earnings in the year and years ahead. (See 1962 Loan Growth Chart opposite)

As in previous years, the impact of taxes and assessments was substantial and constituted a continuing major burden on our earnings. Taxes and assessments applicable to operations amounted to \$87,808,358, or \$3.08 on a per share basis.

Other operating expenses were \$223,846,133. It is interesting to note that during the past two years this expense category has shown a significantly smaller increase than was common in previous years, despite the continuing trend of increased business costs and the opening of over 100 new branches. This performance is a reflection of the cost stabilization made possible by the expanded use of electronic facilities.

Net operating earnings were \$83,126,716, slightly below last year's \$87,782,804. Per share earnings were \$2.92 compared with \$3.08 last year.

Security transactions resulted in an after-tax net profit of \$1,647,364. Transfer of \$17,500,000 to reserves resulted in an after-tax charge of \$9,219,000 to earnings.

Dividend payments of \$56,960,000 left \$18,595,080 as the balance of profits. This sum was added to Capital Funds. At year end Capital Funds, combined with the Reserve for Possible Loan Losses of \$143,081,336, totaled \$946,789,884.

Deposits

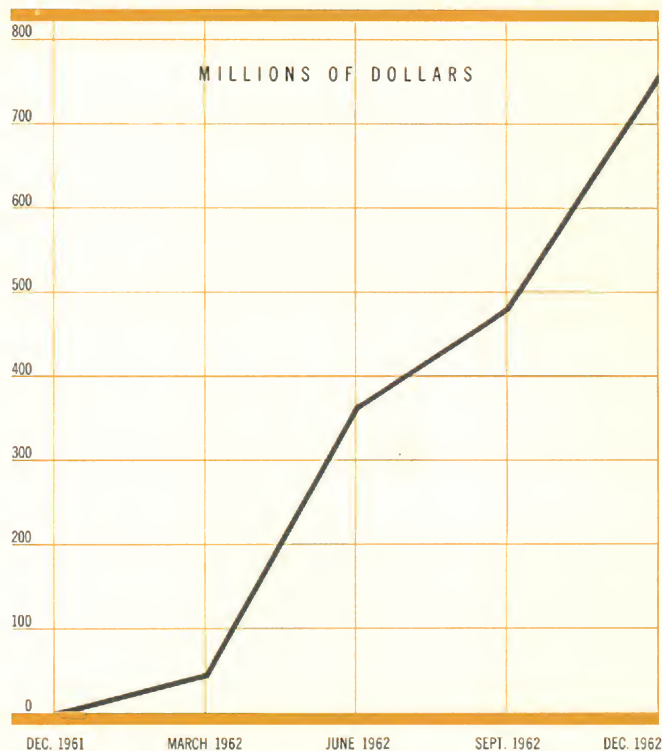
Both dollar volume of deposits and number of depositors recorded substantial increases during 1962. Total deposits increased by \$620,528,933, a rate of increase of more than \$1,700,000 per day. At year end, total deposits were \$12,095,965,067, compared with \$11,475,436,134 on December 31 a year ago.

SAVINGS AND OTHER TIME DEPOSITS increased \$608,501,887 to a total of \$6,531,837,884 at year end, accounting for 54% of total deposits. All categories of time deposits contributed to the increase. The major rise, however, was in the savings category which set new records. Savings deposits increased \$486,500,000, the largest dollar increase in our history.

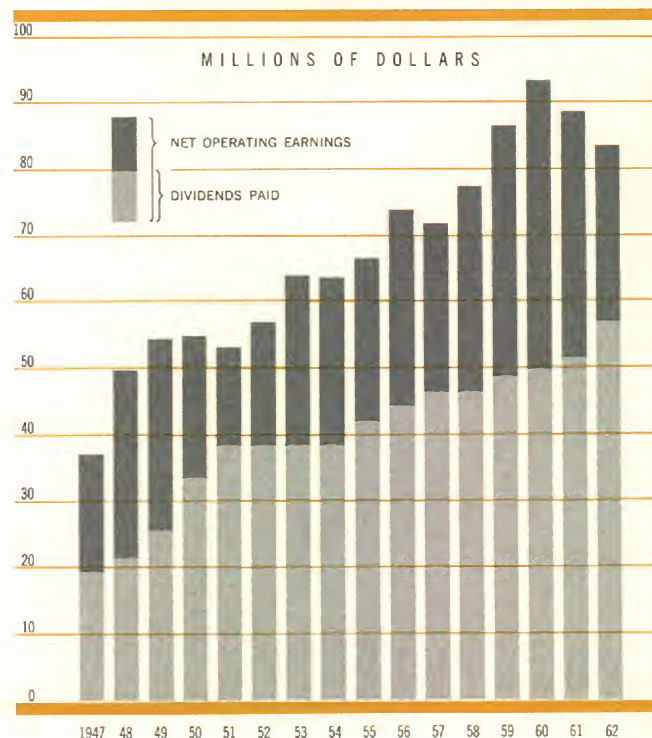
DEMAND DEPOSITS, consisting primarily of the checking accounts of individuals and businesses, totaled \$5,564,127,183 at year end, compared with the \$5,552,100,137 of a year ago. This relatively unchanged demand deposit position was common to the banking industry during 1962.

In terms of the number of deposit accounts, there was a continuance of our historic pattern of growth. Well in

1962 Increase in Loans



Net Operating Earnings



excess of 200,000 additional accounts were recorded by our bank during the year, bringing the total number of deposit accounts at year end to over 7,600,000. We shall continue our efforts to attract new deposit customers and to provide the best possible service for all our depositors.

Loans

Total loans and discounts at year end were \$7,587,992,697, compared with \$6,827,609,080 a year ago. With the exception of booming 1959, this is the largest loan increase our bank has experienced in recent years.

Throughout 1962, we were able to continue our long-established policy of providing for the sound credit requirements of our customers while actively soliciting new borrower-depositor relationships. Because of our major deposit increase and the advance in savings interest rates, we determined to place special emphasis on the development of new real estate and instalment credit business, while at the same time maintaining our aggressive position in the commercial loan field.

COMMERCIAL LOANS totaled \$3,344,321,000 at year end, an increase of \$269,710,000 over the comparable 1961 year-end figure of \$3,074,611,000.

During the year, we made over 500,000 commercial loans totaling some \$8 billion. All types of commercial loans contributed to the increase, including the usual heavy volume of loans made to finance agriculture. The bank is the state's largest agricultural lender, providing strong support to this important segment of the economy.

Commercial loans made to business, industry, and agriculture represent approximately 44% of the bank's total loan portfolio.

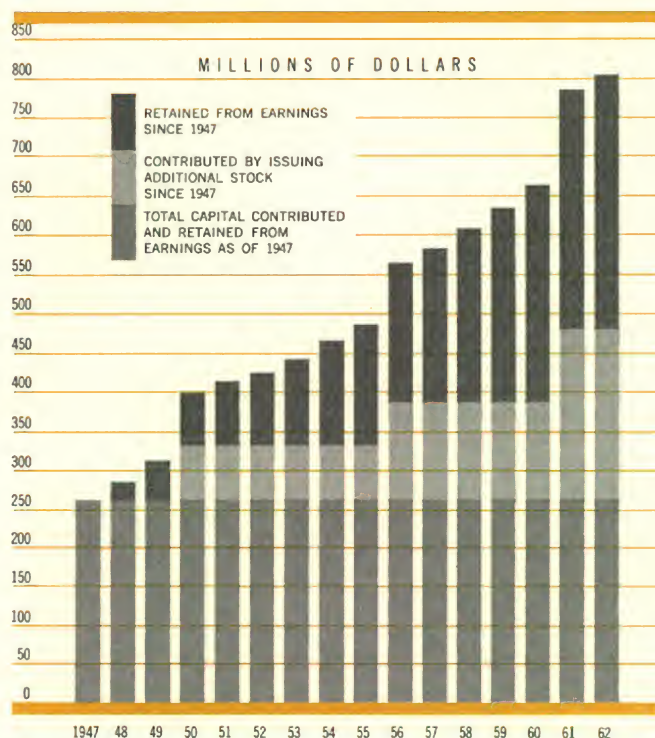
Our bank's commercial loan policy has historically stressed our obligation to help small business grow. A logical outgrowth of this philosophy was the establishment a few years ago of Small Business Enterprises, a small-business investment company. This company, a wholly-owned subsidiary of our bank, has been profitable since its inception. With authorized capital of \$4.5 million, it has invested over \$3 million in a wide range of small business concerns. It will continue to play an increasingly important role in maintaining our bank's traditional assistance to small businesses.

REAL ESTATE LOANS outstanding increased by \$325,707,000, the strongest gain in this category since 1947. During the year we made real estate loans totaling \$865,000,000, and repayments amounted to \$539,000,000. The net real estate loan portfolio on December 31 was \$2,717,251,000 compared with \$2,391,544,000 a year ago. Our large holdings of real estate mortgages are a function of our position as a major savings bank. Real estate loans represent 42% of total time deposits.

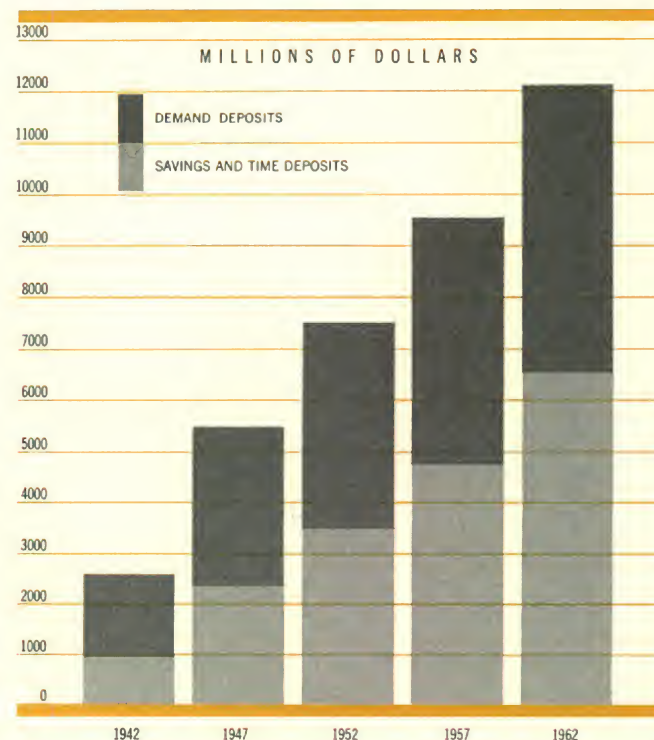
Real estate loans account for 36% of our total loan portfolio. About half of these loans — or approximately 18% of the total loan portfolio—are insured or guaranteed by agencies of the United States Government.

On December 31, 295,000 real estate loans averaging about \$9,000 each were outstanding, primarily amortized mortgages on single-family residences.

Capital Growth



Deposits





Our strong deposit increase was put to use—loans outstanding increased by over \$700,000,000. At year end total loans outstanding were over seven and one-half billion dollars. These loans spurred the economy by providing funds for both business expansion and family purchases of homes and cars.





Deposits set new records, increasing by \$1,700,000 a day. At year end deposits reached a record total of over 12 billion dollars. This rise was paced by a dramatic growth in individual savings—the only ultimate source for the capital needed to support economic growth.



Plentiful money conditions in mortgage financing prevailed throughout 1962, and interest rates remained relatively stable. Nevertheless, through normal turnover, we were able again to raise the average yield on our real estate loan portfolio.

As in previous years, residential construction activity in California represented approximately 17% of the total for the nation and provided a strong support to the state's economy. During the year, we continued to be an important source of funds for the California building industry, financing the construction of thousands of dwelling units and many other types of building projects.

INSTALMENT CREDIT LOANS, conducted under our TIMEPLAN trademark, enjoyed a substantial expansion during 1962.

We made TIMEPLAN loans of more than \$3,850,000,-000 during the year. Repayments totaled \$3,690,000,000, and at year end the total instalment credit outstanding amounted to \$1,526,421,000, an increase of \$164,967,-000 over the comparable 1961 figure.

Our instalment credit loans, accounting for 20% of our loan portfolio, have high liquidity with a repayment rate of about 20% per month.

These TIMEPLAN loans are offered in three major classes: directly to the public; to finance instalment sales through dealers in consumer goods; and to finance the inventory requirements of TIMEPLAN dealers.

During the past year, over 975,000 of these loans were made to individuals, representing an increase of 6% in instalment credit customers.

Several new loan services were added during 1962. Of special interest was the development of a new type of modernization loan for business property. This lending plan enables the owners of income-producing property to improve or remodel, and to repay the cost out of property income.

Investments

The very sizable increase in loans during 1962 precluded an expansion of our securities portfolio.

At year end our holdings of United States Government and United States Government guaranteed securities were \$2,013,265,473. Of the total, \$907,182,130 will mature within one year, and more than 85%, or \$1,718,934,297, within five years. The average maturity of this section of the portfolio was two years and eight months, compared with one year and 11 months at the end of 1961.

State, county, and municipal securities totaled \$846,-415,020 at year end, an increase of \$127,930,228 for the year. This gain was accomplished largely through the purchase of short-term issues. As a result, the average life of the bank's tax-exempt holdings decreased from 72.1 months to 62.4 months at year end.

Because of this shorter average life and the generally higher level of municipal bond prices throughout 1962, the average tax-exempt yield declined from 2.381% a

year ago to 2.345% at the conclusion of 1962. Despite this, net tax-exempt income increased by \$3,879,000 and totaled \$20,971,000 for the year.

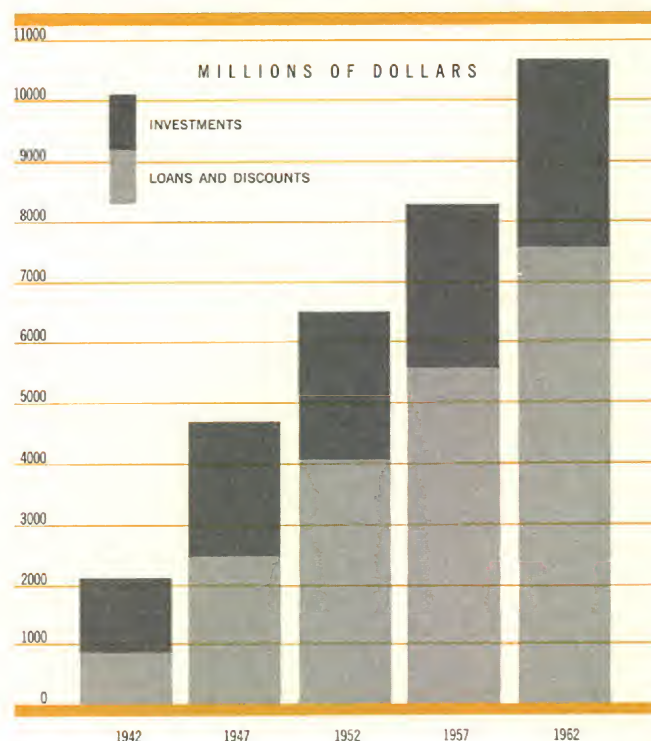
Underwriting and distribution of municipal securities remained an important and expanding activity of our bank. Continuing as the major factor in California municipal finance, the bank managed underwriting groups which purchased 188 issues totaling \$427,403,000, or 50.3% of the municipal bond financing within the state.

While tax-exempt bond financing in the State of California declined during the year, municipal financing in the nation as a whole expanded to an all-time high. As a result, our bank broadened its underwriting participation in the national market for tax-exempt bonds. In addition to increasing the earnings potential of the bank's bond account, this change permits more complete service to our individual, corporate, and institutional customers. Whereas in 1961 our bank managed or participated in the underwriting of long-term bond issues throughout the country totaling \$1,189,236,000, in 1962 this figure increased to \$1,351,501,000.

The bank continued to supply short-term credit to various states and lesser political subdivisions throughout the United States. During 1962, we managed or participated in underwriting groups which purchased notes totaling \$1,133,527,000.

In summary, at the end of the year the entire securities portfolio stood at \$3,104,506,580. Total interest and dividends, after amortization of premiums, amounted to \$87,317,469 for the year.

Total Loans and Investments



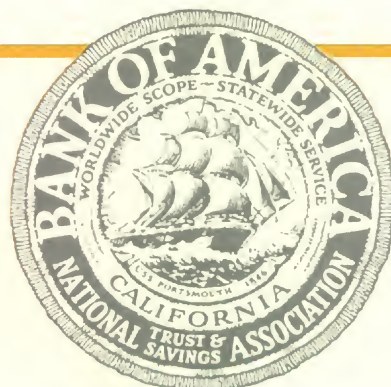
STATEMENT OF CONDITI

(Figures of Overseas Branch

RESOURCES

Cash and due from banks.....	\$ 2,162,782,378.91
United States Government securities and securities guaranteed by the Government.....	\$2,013,265,472.81
Federal agency securities.....	126,611,351.09
State, county and municipal securities.....	846,415,019.51
Other securities	98,414,736.88
Stock in Federal Reserve Bank.....	19,800,000.00
TOTAL SECURITIES	3,104,506,580.29
Loans guaranteed or insured by the United States Government or its agencies.....	1,450,260,826.35
Other loans to customers for use in their businesses, for building, buying, or modernizing their homes, for financing automobile or household equipment purchases, etc.....	6,137,731,871.04
Interest due on bonds and loans, and accounts receivable.....	96,765,939.41
Customers' liability for acceptances.....	220,900,077.40
Bank premises, furniture, fixtures, and safe deposit vaults, carried at cost less depreciation reserve of \$79,388,204.78.....	239,938,631.66
Other real estate owned. Unoccupied bank premises and real estate acquired in the settlement of debt, carried at less than cost or at appraised value	1,490,347.99
Other resources, deferred charges, etc.....	2,764,156.25
TOTAL RESOURCES	\$13,417,140,809.30

Member Federal Reserve System . . . M



Bank of America
(INTERNATIONAL)
A wholly-owned subsidiary
Condensed Statement of Condition
(Branch Figures are as of 12/31/54)

RESOURCES

Cash and due from banks.....	\$201,364,824.66
United States Government obligations, direct and guaranteed.....	10,125,000.00
Other securities	11,594,897.70
Loans and discounts.....	255,566,059.04
Accrued interest	1,895,871.70
Customers' liability for acceptances and endorsed bills.....	45,343,136.11
Bank premises, furniture, and fixtures..	4,181,060.39
Other resources	2,521,036.69
TOTAL RESOURCES	\$532,591,886.29

STATEMENT DECEMBER 31, 1962

(Figures are as of December 24, 1962)

LIABILITIES

Capital. Representing the investment of over 200,000 stockholders of record.....	\$ 178,000,000.00
Surplus. Paid in by stockholders or accumulated from earnings.....	482,000,000.00
Undivided profits. Profits accumulated and reinvested in the business....	135,913,834.13
Reserves. Set aside out of our accumulated profits by the Board of Directors, available as a reserve, in addition to Surplus and Undivided Profits, against normal contingencies.....	7,794,713.74
TOTAL CAPITAL FUNDS.....	\$ 803,708,547.87
Reserve for possible loan losses. To apply against any loan losses that may develop in the future; it has not been allocated to any particular loans or type of loans.....	143,081,336.37
Demand deposits. Funds placed with the bank by individuals, corporations, firms, banks, United States and other Governments, the State of California and political subdivisions thereof.....	\$5,564,127,182.64
Savings and time deposits. Funds placed with the bank in savings accounts or for extended periods of time by individuals, corporations, firms, banks, United States and other Governments, the State of California and political subdivisions thereof.....	6,531,837,884.62
TOTAL DEPOSITS.....	12,095,965,067.26
Liability on acceptances.....	221,619,286.13
Reserve for interest received in advance.....	92,849,506.66
Reserve for interest payable on time deposits and for taxes and other expenses.....	59,917,065.01
TOTAL LIABILITIES.....	\$13,417,140,809.30

Member Federal Deposit Insurance Corporation

America—New York

(NATIONAL)
Incorporated Subsidiary
Statement December 31, 1962
(Figures as of December 24, 1962)

LIABILITIES

Capital	\$34,000,000.00
Surplus	6,800,000.00
Undivided profits	3,913,933.27
TOTAL CAPITAL FUNDS.....	\$ 44,713,933.27
Reserve for possible loan losses.....	4,214,135.90
Deposits	431,539,470.54
Foreign funds borrowed	1,362,250.87
Liability on acceptances.....	40,284,246.66
Liability on endorsed bills.....	6,131,456.51
Reserve for interest received in advance.....	819,501.80
Reserve for interest, taxes, etc.....	3,526,890.74
TOTAL LIABILITIES.....	\$532,591,886.29

International Services

World trade expanded significantly during 1962, but the over-all pattern of international payments continued to show elements of imbalance. Developing countries had difficulties as world prices for primary commodities declined while prices for many industrial goods tended to rise. Industrialized nations, however, showed greater equilibrium in their international payments and the year was marked by closer international monetary cooperation.

The United States balance of payments deficit improved during the first part of the year, but deterioration occurred in the second half. For the year as a whole the deficit was about \$2 billion, as compared with \$2.5 billion in 1961. Thus, further progress was made in our nation's efforts to better its international payments position without resorting to measures which would restrict world trade and economic growth.

The possibilities of lowering tariffs on industrial products on a world-wide scale were furthered by the passage by the United States of the Trade Expansion Act which gives the President increased authority to negotiate with foreign countries for mutual tariff cuts.

The economies of Western Europe in 1962 were characterized by rising production, trade, and financial stability. Internal customs tariffs on industrial products in Common Market countries have now been cut in half, a common agricultural policy is being devised, and cooperation in other economic and social matters has been intensified. Although progress was made during the year, the outcome

of British negotiations to join the Common Market is still uncertain.

To enable our bank to better serve the expanding economies of Europe, we established a new branch in Amsterdam during the year. With this addition, our European facilities include branches in Germany, France, the United Kingdom, and the Netherlands; representative offices in Germany, Switzerland, France, Italy, Spain, and Scandinavia; and the 79 offices throughout Italy now operated by Banca d'America e d'Italia.

We believe the development of the Common Market is of significance not only to Europe but also to Africa. That continent, with its enormous resources, is a tremendously important reservoir of raw material for Europe.

Nineteen former European colonies in Africa have become associates in the Common Market. As part of the Common Market program, European members have undertaken to help the former colonies become modern states through loans and grants-in-aid. Given this cooperation, it is inescapable that the trade between Europe and Africa will greatly increase. It is a logical conclusion that this will stimulate an increase in the trade between Africa and the rest of the world.

In these circumstances, our bank has moved aggressively to place itself in an unparalleled position in Africa. In addition to our branch in Lagos, Nigeria, we have investments in banks with offices in the Ivory Coast, Senegal, the Congo, Tanganyika, Kenya, the Cameroons, the Federation of Rhodesia and Nyasaland, Morocco, Burundi, and Rwanda. We are the only American bank with such coverage in Africa.

In the Middle East, economic prospects were generally dominated by political considerations. Some difficulties were experienced by oil exporting countries as production increased faster than demand. Foreign investment inflows were maintained in nations closely tied to the West.

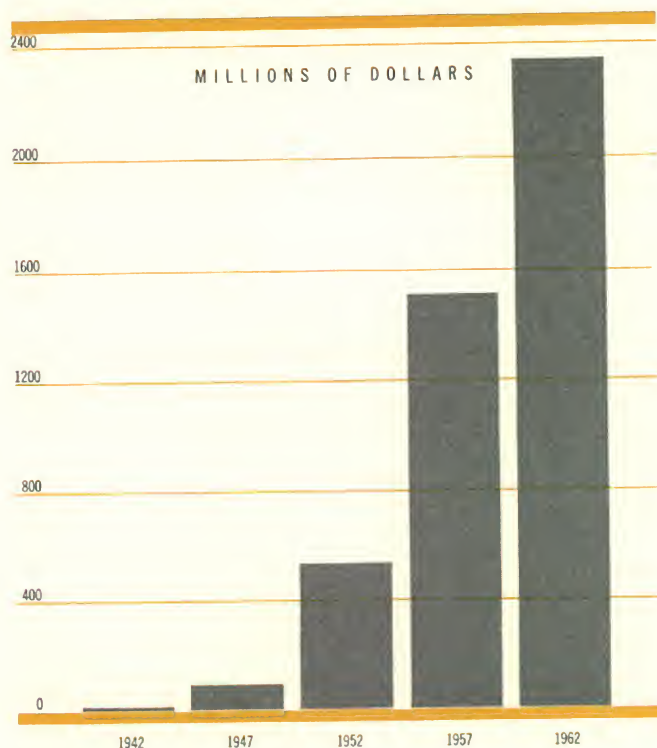
A notable development in the Far East was the approval by Malaya, Singapore, North Borneo, Brunei, and Sarawak of their union in the Federation of Malaysia. The border war with Communist China imposed heavy burdens on the Indian economy late in the year.

Japan succeeded in restoring equilibrium in its balance of payments. A tight monetary policy was invoked to combat inflationary forces in the economy. Excess domestic demand was held in check while the economy enjoyed another year of substantial growth, although at a slower pace than last year.

Generally, our facilities in the Far and Middle East prospered. These facilities now include 13 branches, three representative offices, and investments in financial institutions in India, Pakistan, Malaya, Thailand, and Iran.

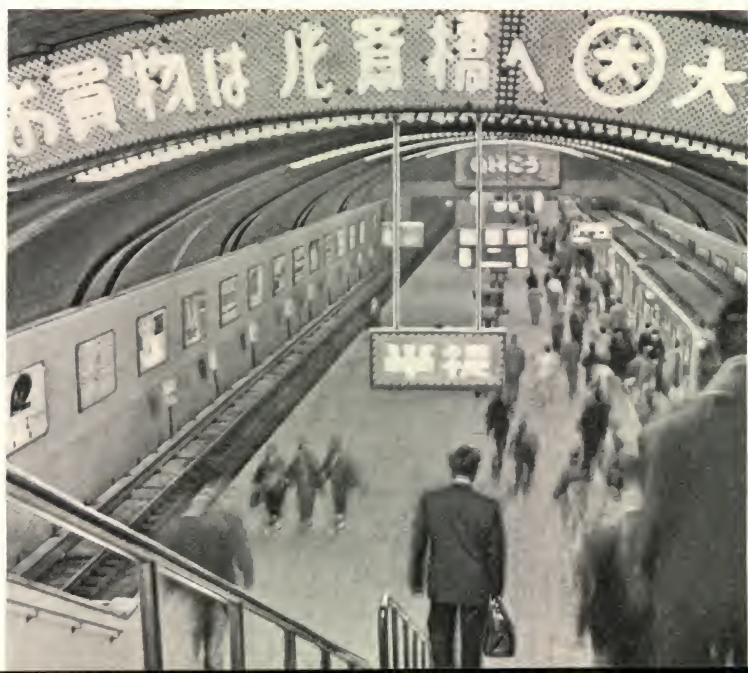
Conditions in Latin America were mixed. While inflation, political uncertainty, and slow growth of exports hindered progress in some countries, others improved their positions with respect to their economic growth, international reserves and payments. The Alliance for

Growth of International Resources





Bank of America's international activities continued their dramatic growth during 1962. A new branch in Amsterdam and additional investments in Greece and Africa highlighted the year. Our overseas facilities — now including 22 branches and 11 representative offices — render "on-the-spot" service everywhere in the Free World.



BANCA d'AMERICA e d'ITALIA

Condensed Statement of Condition December 31, 1962

RESOURCES

Cash on hand and due from banks and correspondents	Lire 51,979,708,907
Cash and Government securities deposited with Banca d'Italia	42,981,843,295
Investment in Government securities	8,898,668,428
Investment in other securities and participations	13,015,503,263
Bills discounted	37,052,314,783
Loans and advances	93,989,799,032
Bills held for collection	10,111,624,406
Customers' liability under acceptances, guarantees, documentary credits, etc.	43,999,168,316
Bank premises (revalued in accordance with law)	2,018,985,987
Furniture and fixtures	1
Other assets	8,231,346,529
Assets of staff liquidation fund	4,769,963,475
TOTAL RESOURCES	Lire 317,048,926,422

LIABILITIES

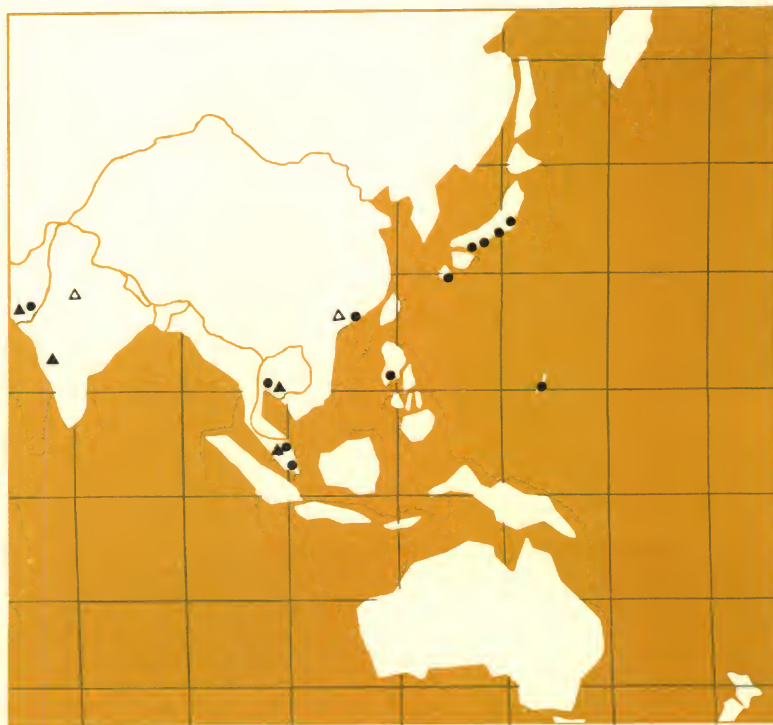
Capital	Lire 1,300,000,000
Surplus	4,000,000,000
Undivided profits	963,603,475
Reserve arising from revaluation of bank premises	918,170,417
Deposits and other accounts	240,050,106,596
Acceptances, guarantees, documentary credits, etc.	43,999,168,316
Unearned discount	986,530,800
Bills received for collection	7,551,880,871
Other liabilities and provisions for future contingencies	12,509,502,472
Staff liquidation fund	4,769,963,475
TOTAL LIABILITIES	Lire 317,048,926,422

This is an unaudited balance sheet and, in accordance with Italian banking practices, is subject to the approval of the Board of Directors and Shareholders at the Annual Meeting in Milan in April of 1963.

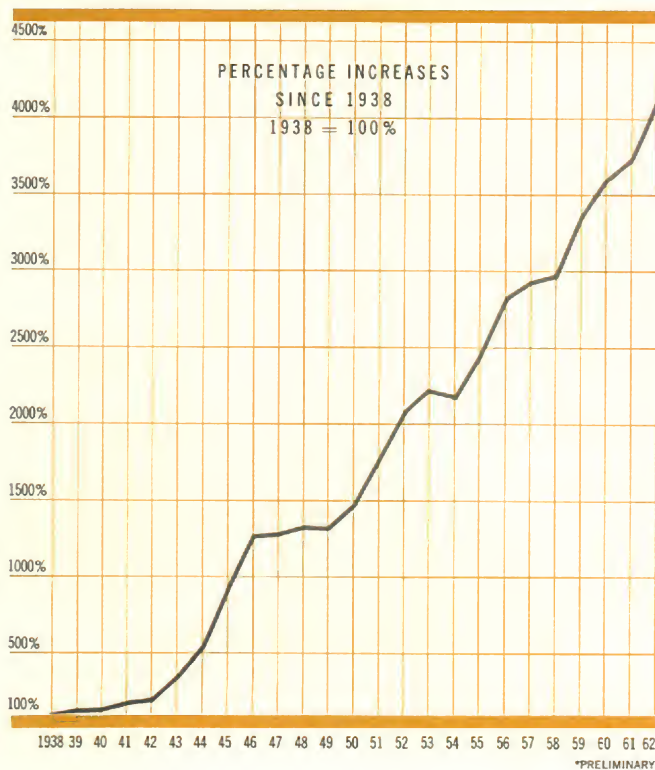
Banca d'America e d'Italia



Bank of America's World-wide Facilities



Annual World-wide Sales of Bank of America Travelers Cheques



Progress completed its first year of transition and organization short of its goals, but with expectation of advancement in the future. Our over-all business in Latin America—including branches in Argentina and Guatemala, and representative offices in Brazil and Mexico—prospered.

The long-term economic outlook for the Free World is one of growth and prosperity. Operating within this framework, our bank's overseas facilities, which currently include 22 branches, 11 representative offices, and investments in financial institutions in 18 countries, will continue to expand.

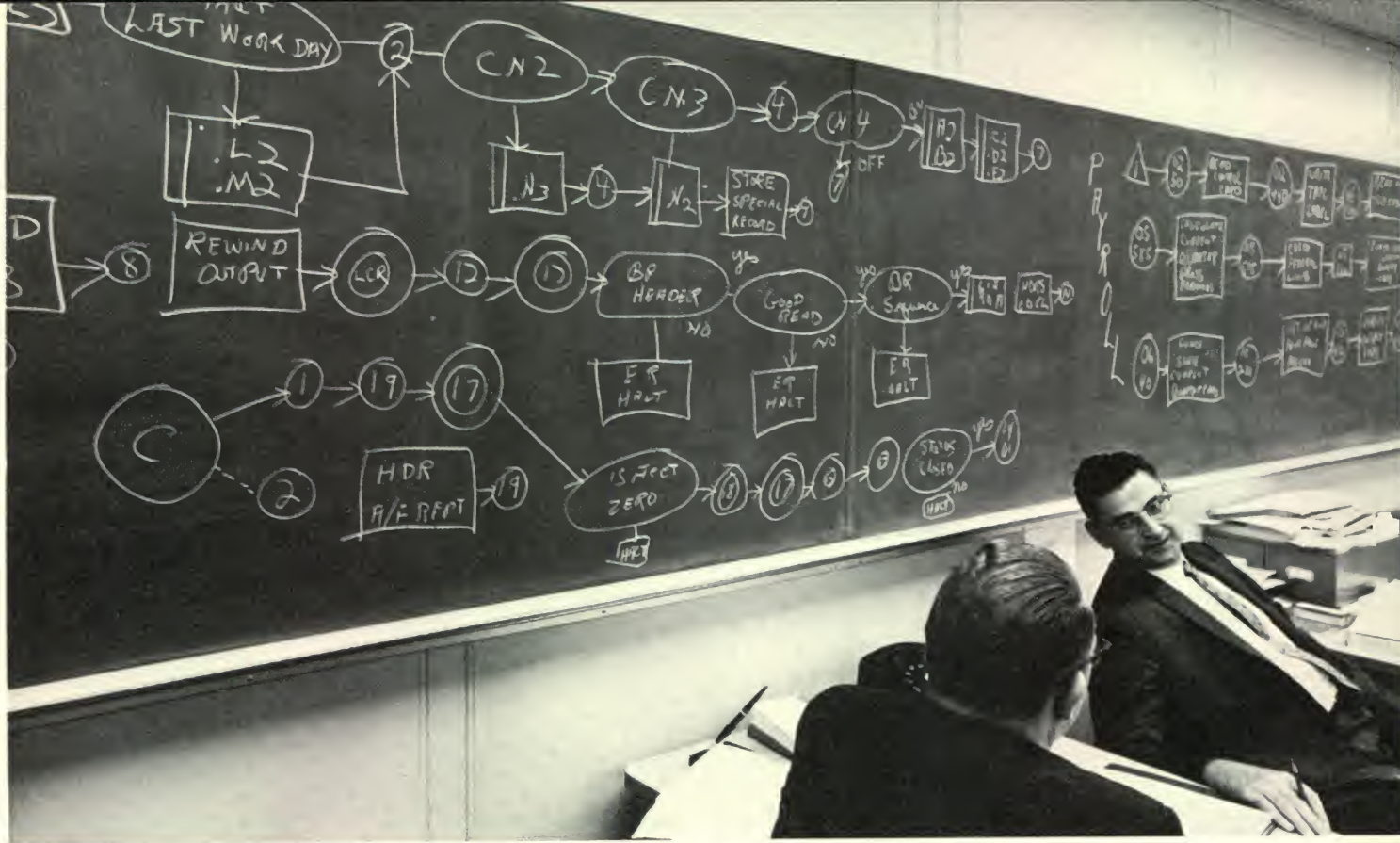
Our bank's internationally-based services continued to grow during the year, and contributed significantly to earnings. Letters of credit, foreign exchange transactions, collections, and remittances all showed good increases in volume.

Bank of America Travelers Cheque sales increased by more than \$45 million, and over 13,000 selling outlets throughout the world were merchandising our cheques at the end of 1962. Reception of these electronically-processed travelers cheques has been excellent, and conversion of all sellers to the electronic cheque was completed during the year.

A new subsidiary for international financing was formed during the year. The organization, known as Bamerical International Financial Corporation, is an Edge Act corporation designed for making loans to, and engaging in equity participations in, foreign industrial and commercial corporations.

Including Bank of America N. T. & S. A. and Bank of America (International)





Again in 1962 our research efforts found new and better ways to use scientific and technological advances. The computer revolution has created a new age in banking—an age of electronic tools which reduce costs, improve service and create new sources of income. Our bank continues to be the industry leader in this revolution's application to banking.



This new corporation complements our other wholly-owned subsidiary, Bank of America (International), which reported an excellent year from its headquarters in New York. Organized in 1950, it had total resources of \$49,163,817 at the end of that year and has shown impressive growth in all respects since then. At the end of 1962, its resources had grown to \$532,591,886.

Bank of America (International) owns a majority interest in Banca d'America e d'Italia, which operates 79 offices throughout Italy from its Milan headquarters. This bank has become a major participant in a newly formed, medium-term credit institution known as Interbanca. Banca d'America e d'Italia opened new branches in Catania and Trieste during 1962, and in January of 1963 will open branches in Taranto and Salerno.

In 1962, the net operating earnings of Bank of America (International) totaled \$4,076,587, an increase of 14% over 1961's comparable figure of \$3,564,906. Net profits on securities transactions were \$87,527, and earnings applied to special valuation reserves for an early write-down of assets carried as overseas investments were \$1,421,985. Included was \$569,000 in dividends net after taxes from Banca d'America e d'Italia. A transfer to the Reserve for Possible Loan Losses resulted in an after-tax charge against earnings of \$240,000. Bank of America (International) paid a \$3.00 per share dividend of \$1,020,000 on its 340,000 shares, and added the balance of earnings and profits to Capital Funds.

At the conclusion of 1962, our internationally-based resources, combined with the resources of Bank of America (International) and Banca d'America e d'Italia, totaled over \$2 billion.

Trust Services

The past year was significant for our Trust Department. Not only was 1962 a record-breaking year in the growth of trust activities, but it also marked the culmination of a program of executive changes designed to increase senior management participation in trust activities. Highlighting the changes were the appointments of Board Chairman Jesse W. Tapp as chairman of the General Trust Committee and Samuel B. Stewart, Executive Vice President, as chief executive officer of the department. Coincident with these developments a number of steps were taken to further strengthen the investment analysis and consulting phases of our trust business. These moves have enhanced the usefulness of our trust services and produced a steadily improving contribution to the profits of the bank.

During the year, gross trust income increased by 11% over 1961. New highs were recorded in the number and value of both new trust accounts and wills filed naming our bank as fiduciary, and there was a substantial increase in total trust assets under our management. Over the past decade, total trust assets have increased fourfold.

Our Common Trust Funds and Employee Benefit Funds continued their historic growth pattern. These pooled

funds now total approximately \$120 million.

A new trust service designed to handle trusts under the Self-Employed Individuals' Tax Retirement Act of 1962 was announced by our bank late in the year.

During the year, advances were made in the corporate service field. A large number of western corporations appointed us transfer agent, and many eastern corporations, desiring convenient stock transfer facilities for their West Coast share-owners, established co-transfer relationships with Bank of America. Our bank was designated fiscal agent, trustee, and paying agent under a number of multimillion dollar bond issues for corporations and governmental bodies.

BankAmericard

Our statewide charge-account plan, BANKAMERICARD, recorded substantial gains in sales volume and outstandings during 1962. Sales and advances totaled more than \$85,000,000 for the year—an increase of 15% over last year's record.

At the conclusion of 1962, more than a million individual BankAmericards were in use and 35,000 California merchants throughout the state were participating in the credit plan, including large department stores, specialty shops, and services of all types. More than 7,500 new cards were issued each month, and a monthly average of 475 merchants joined the program during 1962.

One of the special features of the card enables holders to obtain up to \$250 in cash at Bank of America branches.

The amount charged per purchase has steadily increased and, as a result, BANKAMERICARD transactions averaged \$17 for the year compared with \$14 a year ago.

Increased public usage of BANKAMERICARD stems from the convenience of this credit service to consumers and merchants alike. BANKAMERICARD became profitable early in 1961, and its contribution to the bank's earnings has increased steadily since then.

Research and Technology

Our bank's continuing program of research and development has not only resulted in adoption of automated equipment, but enables us to more fully and efficiently use this equipment each year. The results are cost stabilization, better service to our customers, and increased capability to develop new services.

Some measure of our progress in this area is indicated by the aggregate activity now handled by our ERMA and Data Processing Centers. Monthly, approximately 60 million items are processed by these centers.

In 1962, we succeeded in extending the accounting services of our ERMA and Data Processing Centers to all but 22 geographically remote branches in California. This was made possible through inauguration of daily air messenger service to distant locations in the state.

To further implement our automated facilities, during the year we converted 2,750,000 term savings accounts

to electronic processing at the 13 ERMA Centers. The accounts of BANKAMERICARD's over one million cardholders were also converted to electronic processing.

Payroll accounting for our bank's staff was converted to computer processing in October. The new system automatically credits net pay amounts directly to employees' checking accounts. In addition to the regular semimonthly payroll, the system each month handles some 8,000 special payments, awards, and overtime payments by direct credit.

Supplies of our new magnetically-encoded Travelers Cheques were furnished to all sellers during 1962. These cheques are processed by ERMA, with as many as 350,000 reconciled on a single day during the peak season.

Daily, ERMA now automatically distributes more than a quarter of a million checks exchanged with other banks. This volume is expected to reach one million in 1963.

Other developments in our automation program in 1962 included complete conversion of Los Angeles Stock Transfer and San Francisco Accounts Receivable accounting to computers, and introduction of a TIMEPLAN Pay-off Register that gives branches complete, up-to-date pay-off quotations, credit ratings, and weekly certifications.

Through constant investigation into new methods of operation and more efficient use of facilities and equipment, we will continue to heighten the bank's profitability.

Branch Expansion

In order to keep pace with the growth of California and provide banking facilities for the state's burgeoning population, our bank continued its program of expansion and

modernization in 1962. The 81 branches opened during the year brought the number of Bank of America branches serving Californians to 819. In addition, 13 branches were relocated and 72 projects were completed to expand or modernize branch and office facilities.

Included in the modernization projects completed were the 14-story office building which houses our Market-New Montgomery Office in San Francisco and the 13-story San Jose Main Office building. Scheduled for completion in 1963 is a \$10 million project for the complete refurbishing of our Los Angeles Headquarters building and the integration of its facilities with a neighboring building. A modernization program is also under way on the San Diego Main Office and its 14-story building.

Our physical facilities are in excellent condition. Over the past five years we have opened 204 new branches and have modernized or relocated 319 others. Thus 63% of our branches are either new or recently remodeled units.

The high rate of branch expansion this year and in the years immediately past has important profit significance. On the average, it takes less than two years for a new branch to become a profit-producing unit. Our bank now has a greater backlog of new branches about to emerge as profit-makers than at any other time in its history.

Personnel

Our bank has developed an enviable reputation as a fine place to work. People seek employment with Bank of America because our size and scope offer a unique blend of opportunity and security. Our branch system permits many of our employees to work close to their homes, and our promotion-from-within policy and training programs indicate our keen interest in employee development.

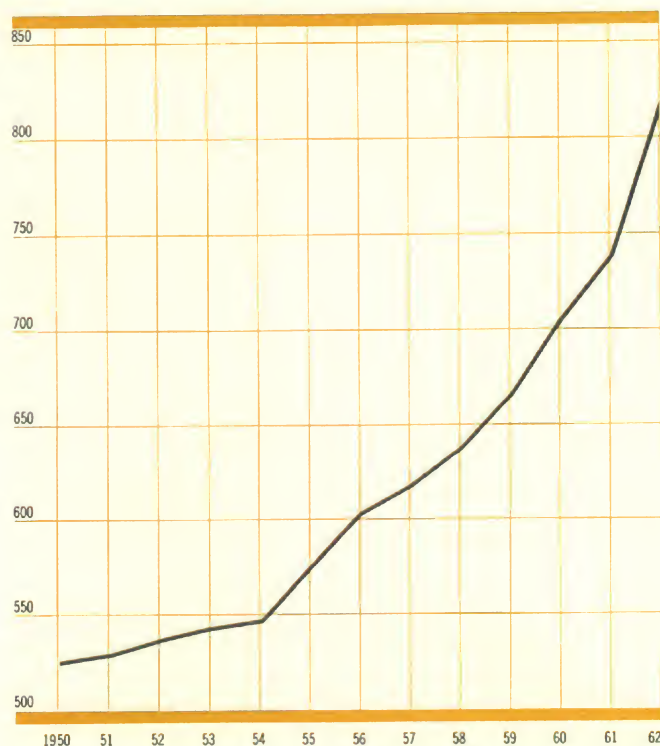
These advantages help us attract and maintain the excellent staff which at year end totaled 26,700.

The performance of our employees has always been one of the most important factors behind the success of our operations. Realizing that the need has grown for highly trained specialists to handle, market, and direct the services offered by a large, automated, international organization like Bank of America, we have expanded and refined our training and development programs.

Throughout the year, staff members had an opportunity to improve their knowledge and skills through conferences, seminars, and other job-related study programs. Most significant of our gatherings were the annual Management Conferences, held in January in Los Angeles and San Francisco. It is at these meetings each year that senior administrative officers and branch managers from throughout the state come together to report on the previous year's efforts and make plans for the forthcoming year. We have found these meetings a most effective communications tool and a valuable method of charting our operating goals for the year.

Under other staff training and development programs, 550 employees, who participated in full time training and

Growth of Domestic Branches





Because of the growth of California and its increasing impact on the economic life of the nation, Bank of America accelerated its branch expansion. And at year end more than 800 Bank of America branches served California's burgeoning business and personal banking needs.





**BOARD OF
DIRECTORS
AND
ADVISORY
COUNCIL**

Harry S. Baker
*Producers Cotton Oil Co.
Fresno, California*

H. M. Bardt*
*Executive Vice President
Bank of America NT&SA*

S. Clark Beise
*President
Bank of America NT&SA*

Wheelock H. Bingham
*R. H. Macy & Co., Inc.
New York, New York*

Marsden S. Blois*
*Miller & Lux, Incorporated
San Francisco, California*

W. J. Braunschweiger*
Los Angeles, California

Daniel P. Bryant
*Bekins Van &
Storage Co.
Los Angeles, California*

K. L. Carver*
San Marino, California

Keath L. Carver*
*Executive Vice President
Bank of America NT&SA*

Owen R. Cheatham
*Georgia-Pacific Corporation
New York, New York*

Austin T. Cushman
*Sears, Roebuck & Co.
Chicago, Illinois*

F. M. Dana*
*Executive Vice President
Bank of America NT&SA*

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*Di Giorgio Fruit Corp.
San Francisco, California*

F. A. Ferroggiaro
Oakland, California

Forrest Frick*
*Rancher
Bakersfield, California*

Walter A. Haas, Jr.
*Levi Strauss & Co.
San Francisco, California*

Marshal Hale, Jr.
*Hale Bros. Realty Co.
San Francisco, California*

Prentis C. Hale
*Broadway-Hale Stores, Inc.
San Francisco, California*

Mrs. Claire Giannini Hoffman
San Mateo, California

Robert E. Hunter*
*Property Management
Santa Barbara, California*

Eric A. Johnston
*Motion Picture Association of America, Inc.
Washington, D. C.*

Edgar F. Kaiser
*Kaiser Industries Corp.
Oakland, California*

Louis B. Lundborg*
*Executive Vice President
Bank of America NT&SA*

Lloyd Mazzer*
*Executive Vice President
Bank of America NT&SA*

Garret McEnerney II
*McEnerney & Jacobs
San Francisco, California*

Wm. Wallace Mein
*Director—Flintkote Company
San Francisco, California*

Frank C. Mitchell*
San Jose, California

R. A. Peterson
*Vice Chairman of the Board
Bank of America NT&SA*

Neil Petree
*Barker Bros. Corporation
Los Angeles, California*

Louis A. Petri
*United Vintners Inc.
San Francisco, California*

Roland Pierotti*
*Assistant to the President
Bank of America NT&SA*

Charles H. Quinn*
*Director, Electrical Products Corp.
Los Angeles, California*

J. H. Rosenberg*
*Lehman Brothers (New York City)
Los Angeles, California*

A. E. Sbarboro
San Francisco, California

Russell G. Smith*
Ross, California

Samuel B. Stewart*
*Executive Vice President
Bank of America NT&SA*

Jesse W. Tapp
*Chairman of the Board
Bank of America NT&SA*

Roland Tognazzini
*Union Sugar Company
San Francisco, California*

Grover D. Turnbow
*Foremost Dairies, Inc.
San Francisco, California*

Carl F. Wentz
San Francisco, California

*Advisory Council Member

development programs, graduated into new assignments during 1962. Our long-established policy of advancement from within resulted in 3,100 promotions of which 642 were first officer appointments.

More than 5,300 employees attended American Institute of Banking courses during the year, and a total of 125 individuals participated in educational awards under the sponsorship of Bank of America Giannini Foundation.

We shall continue our efforts to attract, train, and develop a staff whose hallmark is excellence.

Board of Directors

The members of our bank's Board of Directors and Advisory Council are successful people from many areas of business and industry. Their contributions of time and knowledge have been vital factors in keeping our bank a leader in modern banking techniques.

Members of the Board and the Management of the bank were saddened during the year by the death of Director Alfred J. Gock. Mr. Gock, retired chairman of the Board of Directors, had been associated with our bank for 47 years at the time of his death. Mr. Gock's contributions to the bank will long be remembered by all those who knew and worked with him.

Prospects for the Future

The nation's economy is expected to expand moderately throughout 1963. The Gross National Product, currently over \$560 billion, is expected to be running at an annual rate of almost \$590 billion by the end of the year. Spending by consumers and Federal, state and local governments is likely to increase substantially.

Growth in total production and income in 1963 probably will fall short of carrying the economy to full employment of labor, plant, and equipment. Thus, there is little threat of major inflation during the year ahead, and monetary policy will probably continue relatively easy. Short-term interest rates may rise moderately, and long-term rates are expected to move within the same narrow range established in 1962.

The California economy is likely to show greater vigor than that of the nation, due primarily to an anticipated rise in defense-space spending. Expansion in this industry will probably stimulate higher levels of expenditure and employment in most other industries in the state, pushing personal income up about 8% over that of 1962.

Bank of America expects to share fully in these economic advances. Our many new and improved branches and office facilities provide us with the capacity to serve California's growing needs. We are in an excellent position in the international and national banking fields, and our statewide operations are established in a large, diversified, and growing market.

All of these factors should enable our bank to prosper in 1963. We anticipate continuing growth in loans and deposits, as well as increased earnings in the year ahead.

Senior Management

S. CLARK BEISE

President

Chairman of the Managing Committee

JESSE W. TAPP*

Chairman of the Board of Directors

Executive Officer-Southern Division

R. A. PETERSON

Vice Chairman of the Board of Directors

H. M. BARDT*

Executive Vice President

General Administrative Officer

KEATH L. CARVER*

Executive Vice President

Loans and Investments

F. M. DANA

Executive Vice President

Coordinator of Bank Activities

LOUIS B. LUNDBORG*

Executive Vice President

General Administrative Officer

LLOYD MAZZERA

Executive Vice President

Chairman, General

Finance Committee

SAMUEL B. STEWART

Executive Vice President

General Counsel and

Chief Executive Officer

Trust Activities

ROLAND PIEROTTI

Assistant to the President

and Coordinator of

International Activities

**Headquartered in Los Angeles*

Dec. 31	Total Deposits	Capital	Surplus and Undivided Profits	Loans and Discounts	Investments in Securities	Total Resources	Number of Deposit Accounts	Number of Branches in California
							①	1
1904	\$ 134,413	\$ 150,000	\$ 1,024	\$ 178,400	\$ 34,446	\$ 285,437	①	1
1905	703,024	300,000	10,000	883,522	24,505	1,021,291	①	1
1906	1,348,723	500,000	31,565	1,471,123	81,571	1,899,947	①	1
1907	1,660,324	500,000	46,945	1,678,222	57,884	2,221,347	①	2
1908	1,728,899	750,000	78,673	1,669,567	57,884	2,574,005	①	2
1909	2,929,495	750,000	90,820	2,445,137	266,628	3,817,218	①	3
1910	5,348,151	1,000,000	150,000	4,159,459	858,547	6,539,861	①	3
1911	7,129,456	1,000,000	201,649	4,885,974	1,638,000	8,379,347	①	3
1912	9,916,018	1,000,000	251,437	7,092,823	1,846,769	11,228,815	①	4
1913	14,226,242	1,250,000	330,390	10,282,785	2,406,706	15,882,912	42,378	7
1914	16,272,563	1,250,000	350,217	11,457,790	2,677,718	18,030,402	50,253	7
1915	20,474,873	1,250,000	374,244	12,970,068	5,084,363	22,321,861	58,854	7
1916	36,804,776	2,000,000	691,452	23,682,894	7,527,408	39,805,995	90,683	12
1917	72,044,729	3,000,000	1,100,000	47,004,189	13,308,177	77,473,153	141,298	19
1918	85,937,839	5,000,000	2,000,000	59,869,035	14,538,649	93,546,162	161,626	24
1919	127,258,626	6,000,000	2,500,000	74,737,335	33,855,881	137,900,700	189,511	24
1920	140,993,545	9,000,000	3,913,240	95,127,616	37,199,447	157,464,685	221,788	24
1921	177,867,611	10,000,000	5,036,948	116,911,735	43,499,682	194,179,450	291,994	41
1922	229,751,526	15,000,000	7,529,844	152,989,286	59,090,529	254,282,290	401,798	61
1923	276,548,879	15,000,000	8,616,832	200,505,931	56,543,859	301,963,478	485,136	75
1924	328,963,919	17,500,000	10,561,578	204,472,438	96,489,255	358,656,302	548,265	87
1925	389,433,241	17,500,000	13,474,173	228,793,066	121,678,890	422,838,587	595,032	98
1926	416,656,511	20,000,000	16,928,035	255,557,233	129,630,279	460,981,773	616,313	98
1927	645,002,138	37,500,000	25,540,829	403,864,139	238,856,707	765,188,977	1,083,303	289
1928	698,435,841	50,000,000	55,756,632	410,276,641	272,884,061	847,910,539	1,139,076	290
1929	893,892,733	50,000,000	58,251,159	541,617,718	246,538,740	1,055,113,373	1,444,090	292
1930	998,039,477	50,000,000	54,136,374	669,258,341	249,139,543	1,161,895,889	1,625,381	353
1931	749,796,772	50,000,000	54,290,312	548,431,954	237,965,856	925,150,152	1,542,783	346
1932	700,447,811	50,000,000	49,890,774	480,675,374	262,952,550	876,309,347	1,380,550	345
1933	767,817,646	50,000,000	49,591,605	458,693,566	311,084,996	941,001,838	1,357,224	345
1934	978,332,802	50,000,000	47,164,341	461,645,975	477,989,657	1,142,323,319	1,547,604	413
1935	1,155,265,465	50,000,000	50,867,307	451,009,354	622,694,559	1,277,419,381	1,677,558	421
1936	1,298,976,759	50,000,000	55,024,112	532,076,966	625,809,982	1,430,337,201	1,911,035	466
1937	1,357,378,756	50,000,000	59,104,964	630,668,811	553,131,379	1,493,373,095	2,123,057	491
1938	1,437,027,491	50,000,000	64,058,600	673,828,309	557,632,428	1,574,721,670	2,182,298	494
1939	1,482,791,676	50,000,000	66,845,842	711,054,697	604,268,671	1,628,586,278	2,268,843	495
1940	1,632,228,397	62,000,000	82,278,753	778,295,101	668,676,296	1,817,535,186	2,384,551	495
1941	1,908,383,921	60,800,000	83,634,808	914,569,553	693,113,910	2,095,635,619	2,538,783	495
1942	2,586,140,699	59,215,920	83,151,214	840,469,960	1,265,749,444	2,771,689,632	2,512,805	487
1943	3,498,153,210	58,102,920	87,051,168	810,660,642	2,095,432,722	3,697,912,675	2,743,231	488
1944	4,350,539,688	68,085,560	140,779,201	894,436,931	2,740,064,364	4,609,124,133	3,054,803	491
1945	5,339,307,098	108,085,560	117,155,495	1,018,741,456	3,533,172,278	5,626,063,927	3,316,494	493
1946	5,415,849,715	106,646,375	130,235,547	1,722,743,513	2,882,151,377	5,765,525,193	3,619,925	500
1947	5,467,199,162	106,646,375	150,525,936	2,492,979,739	2,170,721,906	5,845,817,669	3,815,802	508
1948	5,639,523,419	106,646,375	172,872,255	2,807,070,398	1,945,231,719	6,072,913,872	3,978,403	517
1949	5,775,110,029	127,975,650	177,868,961	2,804,522,646	2,322,505,622	6,250,402,352	4,120,523	525
1950	6,191,705,871	150,000,000	244,822,146	3,256,953,558	2,243,415,017	6,863,358,214	4,374,838	526
1951	6,815,866,795	150,000,000	257,218,390	3,632,685,350	2,439,510,645	7,531,296,927	4,832,147	529
1952	7,485,116,184	150,000,000	269,076,801	4,069,150,471	2,413,852,775	8,201,689,369	5,276,315	538
1953	7,744,200,096	150,000,000	286,267,820	4,148,713,734	2,531,605,621	8,501,761,722	5,581,697	543
1954	8,270,534,751	150,000,000	311,140,888	4,043,312,145	3,271,392,367	9,163,355,289	5,818,851	548
1955	8,802,506,128	150,000,000	330,080,550	4,727,961,473	2,984,567,789	9,669,145,972	6,191,571	574
1956	8,993,240,999	160,000,000	397,028,049	5,353,035,991	2,518,301,682	9,991,842,012	6,618,719	603
1957	9,524,116,723	160,000,000	416,970,724	5,554,784,021	2,742,530,348	10,639,149,591	6,916,240	617
1958	10,307,560,993	160,000,000	441,453,351	5,661,888,351	3,417,539,858	11,290,852,752	7,138,313	638
1959	10,624,958,182	160,000,000	466,395,447	6,599,668,232	2,725,392,943	11,669,404,346	7,398,585	664
1960	10,805,891,450	160,000,000	497,328,750	6,699,494,437	2,702,508,088	11,941,981,259	7,474,123	707
1961	11,475,436,134	178,000,000	600,228,505	6,827,609,080	3,180,825,331	12,735,764,740	7,431,429	738
1962	12,095,965,067	178,000,000	617,913,834	7,587,992,697	3,104,506,580	13,417,140,809	7,650,000②	819

① Not available

② Preliminary



In California, across the nation and around the world Bank of America offers "on the spot" service

